

Saskatchewan Milk Control Board



Update

Volume 15 No. 4, October 15, 2008

CHAIRMAN'S MESSAGE – BLAINE McLEOD

As I sit to write this greeting, my window is flooded with glorious sunshine and I am reminded of the season that we have just celebrated. Truly we have much to be thankful for in the country of Canada and the province of Saskatchewan. Our family was able to be together for the Thanksgiving weekend and we enjoyed way too much good food and an excellent time of fellowship. I am grateful for the many lessons my children were able to learn while growing up around the activities of a dairy farm. The industry has been good to us and we must continue to protect and promote the well being of both our farms and our processors as we seek to preserve a viable and sustainable industry. I trust that you were also able to enjoy time with family and friends over the holiday weekend. Some parts of the province were also hit with a significant taste of winter. A good reminder that winter is not far away and that much needs to be done to be prepared.

One of the most pressing issues that we face as an industry is the need to begin the task of legislative change to better structure our industry for the future. The Provincial Government has initiated a process for this review and has committed to consult with industry as this process unfolds. It has been a long time since the Milk Control Act has been reviewed and it is a task that is going to require serious thought and visioning by all parties so that it is done appropriately.

Our upcoming fall meetings are being held at the end of the month and this is one way to provide feedback to the Board on a number of issues. I encourage you to check the schedule that is in the newsletter and come out and be a part of our joint meetings with Dairy Farmers of Saskatchewan. Included in the newsletter are the items that the Board will be discussing with producers. I am looking forward to meeting with each of the districts and would again encourage each of you to make it a priority to attend.

QUOTA EXCHANGE

The fourth Quota Exchange for the 2008-2009 dairy year was conducted on October 15, 2008. The market-clearing price established for the Unused Quota Exchange was **\$46.00**. There was no Used Quota Exchange. The results of the October 2008 Quota Exchange are outlined in the following Table.

The next monthly Quota Exchange for the 2008-2009 dairy year will be held on November 17, 2008. All offers to sell and bids to purchase quota through the Quota Exchange must be received at the Board office by midnight, November 6, 2008. The Board recommends that offers and bids be submitted well in advance of the deadline date to ensure adequate time for corrections, if necessary. Just a reminder to producers that when making bids on the Quota Exchange, the price on offers to sell quota is the minimum price that the producer is prepared to accept for that quota. Only if the market-clearing price is equal to or greater than the producer's minimum price will that producer qualify for participation in the Exchange.

Conversely, the price on offers to purchase quota is the maximum price that the producer is prepared to pay for that quota. Only if the market-clearing price is equal to or less than the producer's maximum price will that producer qualify for participation in the Exchange. **The clearing price is set at the price where the smallest difference exists between the accumulated volume offered for sale and the accumulated volume bid to purchase.**

UNUSED QUOTA EXCHANGE (per kilogram of butterfat)

Market Clearing Price per kilogram of butterfat	\$46.00
Kilograms offered to Purchase	27,200
Kilograms offered to Sell	37,017
Kilograms sold	6,200
Number of Producers	
- offered to purchase	7
- purchased quota	5
- offered to sell	22
- sold quota	11

UNUSED QUOTA EXCHANGE

Price (\$/kg b.f.)	No. of Sellers	Cumulative Sellers	Kgs b.f. offered for sale	Cumulative sales	Cumulative Sales less Cumulative purchases	Cumulative purchases	Kgs b.f. offered to purchase	Cumulative Buyers	No. of buyers
40.00	1	1	5,000	5,000	-22,200	27,200	0	7	0
41.40	9	10	2,770	7,770	-19,430	27,200	0	7	0
43.00	0	10	0	7,770	-19,430	27,200	1,000	7	1
45.00	1	11	1,000	8,770	-17,430	26,200	20,000	6	1
46.00	0	11	0	8,770	2,570	6,200	1,100	5	1
48.00	1	12	2,500	11,270	6,170	5,100	1,000	4	1
50.00	2	14	2,747	14,017	9,917	4,100	1,000	3	1
52.00	1	15	2,000	16,017	12,917	3,100	3,100	2	2
54.00	1	16	3,500	19,517	19,517	0	0	0	0
55.00	2	18	3,500	23,017	23,017	0	0	0	0
59.00	1	19	6,000	29,017	29,017	0	0	0	0
60.00	2	21	7,000	36,017	36,017	0	0	0	0
70.00	1	22	1,000	37,017	37,017	0	0	0	0

USED QUOTA EXCHANGE (per kilogram of butterfat)

Market Clearing Price per kilogram of butterfat	\$-----
Kilograms offered to Purchase	20,000
Kilograms offered to Sell	-----
Kilograms sold	-----
Number of Producers	-----
- offered to purchase	1
- purchased quota	0
- offered to sell	0
- sold quota	0

USED QUOTA EXCHANGE

Price (\$/kg b.f.)	No. of Sellers	Cumulative Sellers	Kgs b.f. offered for sale	Cumulative sales	Cumulative Sales less Cumulative purchases	Cumulative purchases	Kgs b.f. offered to purchase	Cumulative Buyers	No. of buyers
48.00	0	0	0	0	-20,000	20,000	20,000	1	1

BUTTERFAT PRODUCTION & COMPONENT PRICING September 2008

Butterfat production for September 2008 totalled approximately 702,656 kilograms. This was an increase of approximately 5.7% over September, 2007 shipments. **Saskatchewan's allocation of Total Production Quota for September totalled approximately 1,423,062 kilograms. In September, the province shipped 99.59% of that amount.** Comparatively, for the same time frame in the 2007-2008 dairy year, the province shipped 94.47%.

UNALLOCATED TOTAL PRODUCTION QUOTA PENDING FOR August 1, 2009 IS ESTIMATED AT 0.07%

Unallocated Total Production Quota Pending is the quota change being projected for the beginning of the new dairy year. This is the result of *pro-rata* quota allocations to producers during the current dairy year.

PERMANENT QUOTA INCREASE - October 1, 2008

Effective October 1, 2008, the Board is implementing a Permanent Total Production Quota (TPQ) increase of approximately 0.36%. This increase will be applied to all permanent (owned) quota, and will be listed on future quota management sheets. This TPQ increase occurred during the current dairy year, therefore there will be a pending quota increase on permanent quota of 0.07% effective August 1, 2009. See the above paragraph for more information on pending quota.

The Board will continue to provide producers with a temporary provincial growth allowance quota of just under 2.0% (actual 1.96%) (see line 2 of your quota management sheet). The Board will continue to closely monitor this over-issuance in the months ahead and if any reduction in this over-issuance is required the Board will notify producers. Based on current production levels in the province there was no need to reduce this allowance at this time.

WEIGHTED AVERAGE COMPONENT TESTS & PRICES September 2008

Components	Average Test	Price per kilogram Class 1 to 5
Butterfat	3.7534	\$11.086468
Protein	3.3431	\$ 8.086468
Other Solids	5.6994	\$ 1.185822

Based on the average component tests for the province, the average price received was \$75.4038 per hectolitre. **The average butterfat price received per kilogram was \$20.09.** Over quota (4m) holdings are \$838,732.22 for the first two months of the 2008-2009 dairy year.

SASKATCHEWAN MILK POOL RESULTS September 2008

Milk Sale Revenue	\$ 13,349,453.72
Western Milk Pool	\$ 853,225.30
Dairy Farmers of Canada Skim Off	\$ -19,057.34
Plant of Last Resort Service	\$ -57,014.62
Seals	\$ - 3,922.43
Audit Adjustment	\$ 7,381.70
Total Pool Value	\$ 14,130,066.33

ACCOUNTING VALUES FOR CLASSES OF MILK October 2008

	Butterfat (\$/kg)	(\$ per hl. Skim milk)	
Class 1a	\$5.3000	\$66.29	
Class 1b	\$5.3000	\$66.29	
Class 1c	\$5.3000	\$54.30	
	Butterfat (\$/kg)	Protein (\$/kg)	Other Solids (\$/kg)
Class 2	\$7.4482	\$5.5744	\$5.5744
Class 3a	\$7.4482	\$13.0375	\$0.8684
Class 3b	\$7.4482	\$12.7848	\$0.8524
Class 4a, 4b, 4d & 4d(i)	\$7.4482	\$5.1760	\$5.1760
Class 4a(i)	\$7.4482	\$2.8000	\$2.8000
Class 4c	As approved by the Board		
Class 4m	\$0.00	\$0.00	\$0.00
Class 5a	\$4.0477	\$8.0172	\$0.1269
Class 5b	\$4.0477	\$2.8236	\$2.8236
Class 5c	\$4.1043	\$2.5175	\$2.5175
Class 5d	As determined by the CDC		

HAULAGE RATE INCREASE

Agrifoods and the Milk Control Board have a Milk Transportation Agreement, the purpose being to contract Agrifoods to transport all Saskatchewan produced milk. Agrifoods recently put forward a request to the Board for a transportation rate adjustment and a change to the agreed to formula that is reviewed and revised to keep pace with current fuel cost increases and decreases. The Board reviewed and agreed to Agrifoods request at a recent Board meeting.

As a result, there will be a 4 cent per hectolitre adjustment to the provincial pooled haulage rate, to be applied over a two month period beginning in October 2008, to account for the current shortfall of the current fuel cost formula. Future fuel cost changes will be adjusted for on a monthly basis. As well, the Board approved a revision to the current fuel cost formula so that for every two cent per litre change in fuel costs there will be a corresponding 1.9 cent per hectolitre change to the provincial pooled haulage rate. This adjustment is revenue neutral.

QUOTA MANAGEMENT TABLE

Please find enclosed your quota management results for September, 2008. This Table indicates the percentage of each producer's quota allocation utilized as well as the kilograms of butterfat produced by these shipments. If you have any questions, please contact our office.

MILK CONTROL BOARD/DAIRY FARMERS OF SASKATCHEWAN PRODUCER MEETINGS

The Board and Dairy Farmers of Saskatchewan are pleased to announce that they will once again hold the next session of producer meetings as a joint effort. During this month's round of producer meetings, the Board will be discussing the following items with producers.

- National Continuous Quota Management – A new system of managing quota at the national level is being discussed at the Canadian Milk Supply Management Committee meetings. This Continuous Quota Management system sets production targets for the province as a whole with the primary purpose of the system being to move away from having a dairy year end. This system is being proposed nationally, and does not affect the quota management practices at the producer level. The Milk Control Board and Dairy Farmers of Saskatchewan have formed a joint committee to review the impact of a National Continuous Quota Management system on the management practices at the producer level, including recommendations for improvement.
- Double Suspension/Swap if below 97% at January 31st – The Board will discuss the implications of being below 97% at January 31st, including a policy change that was introduced to producers in the Board's quota policy in August 2008.
- Review of Milk Control Act – Due to current legislative and regulatory challenges in the dairy industry, the Ministry of Agriculture has initiated a legislative review process of the Milk Control Act.
- Fluid Milk (Class 1) Pricing – The Board has recently adopted a new formula for fluid milk pricing that was agreed upon in the Western Milk Pool.

The schedule of meetings will be as follows. Please plan to attend.

Date	Time	District	Location
Monday October 27	9:30 a.m.	Swift Current	F.O.A. Eagles 1910 Service Rd. W, Swift Current
Tuesday, October 28	9:30 a.m.	Yorkton	St. Mary's Parish, Ukrainian Catholic Cultural Center 240 Wellington St. Yorkton
Wednesday, October 29	9:30 a.m.	Odessa	Odessa Hall, Odessa
Thursday October 30	9:30 a.m.	Melfort	Travelodge 101 Spruce Haven Rd., Melfort
Friday, October 31	9:00 a.m.	Saskatoon	Saskatoon Inn 2002 Airport Drive, Saskatoon

QUOTA LISTING SERVICE

The Board offers a free quota listing service as part of its Newsletter. Anyone wishing to sell or purchase quota and/or cows, miscellaneous dairy equipment, or swap quota is welcome to contact the Board office at (306) 787-5319. All prices and negotiations will be independent of the Milk Control Board.

Swap in Quota

- Sunnydale Colony would like to swap in quota. Contact Joe or Johnny at (306) 237-4812 Ext. 245 or (306) 237-4361.
- Smiley Colony would like to swap in quota. Call (306) 838-2048 Ext. 246.
- Darcy Loewen would like to swap in quota. Contact him at (306) 493-8201.

Swap out Quota

- Jim Gorrill would like to swap out unused quota. Contact him at (306) 725-4828.

Quota &/or Cows for Sale

- Cows or heifers for sale. Phone (306) 862-7140.
- 10 milk cows; 10 heifers due December and January; 10 open heifers 15-18 months of age. Contact Chad at (306) 598-2054
- Dwayne Ens has quota for sale. Call (306) 225-2152.
- Quota for sale. Contact Elmer or Elsie Gerbrandt @ (306) 773-5618
- Cows and quota for sale. Contact Ashley Duff @ (306) 783-6896

- Quota for sale. Approximately 32,000 kilograms. Contact Dan Hazell @ Glenacre Holsteins. Phone (306) 224-4850. Fax (306) 224-4909.
- Quota for sale. Contact Kevin at (306) 549-2129.
- Approximately 24,000 kilograms of butterfat. Holstein cows, heifers, calves and bulls. Take possession August 1, 2008. Contact Clara Ollenberger at (306) 753-2747 or cell phone (306) 753-7767.
- Cows and quota for sale. Contact Ferch Farms at (306) 736-2205.
- Cows and quota (approximately 40,000 kilograms). Please contact Ken Schmidt @ (306) 374-8980
- Quota for sale – contact Fred or Anne Monchuk at (306) 365-4750.
- Bred heifers for sale – contact Danny at Box Elder Colony – (403) 502-9997
- Lloyetta Holsteins have sold their cows and quota November 2007. We have kept our home bred heifers and have purchased some quality heifers. Many heifers have deep pedigrees from popular bulls such as Goldwyn, Final Cut, Sept. Storm, FBI, Titanic, Jasper and others. We also have some very nice Grade heifers due in early 2008. We have a total of 100 heifers and feel we can meet your cattle needs. The heifers will start calving in January 2008 and we will have springing heifers thru 2008 and 2009. We have breeding age bulls and younger for sale, most from VG dams with high production. Call Lloyd & Loretta Sawatzky, Box 58, RR #4, Saskatoon at (306) 239-4818 or Cell (306) 281-2247.

Miscellaneous For Sale

- 80 pieces of rubber flooring for sale \$1000 Contact George @ Wheatland Colony (306) 587-2458 Ext. 109
- 16 Waikato milk meters \$250 each; 5,000 gallon new Delaval bulk tank, made in U.S.A. \$50,000. Contact Corman Holsteins (306) 933-4608
- Dairy equipment for sale: Knight TMR mixer, Agrimetal silage cart with 5.5 hp Honda gas motor, 2 belt conveyors, 1000 gallon Delaval bulk tank with 2 compressors and new auto wash, 2" stainless steel pipeline. Heifers for sale: 12 registered good pedigreed Holstein heifers due September and October. One registered Jersey heifer due September. Contact Lloyd Sawatzky (306) 239-4818
- 2002 Tubeline Bale Wrapper and a dismantled 25/90 Harvestorg Silo. Call David Slykhuis @ (306) 453-2878 in Carlyle, SK
- 2000 gallon Delaval tank. Call James Hein (306) 365-3209

MILK CONTROL BOARD MEMBERS

Blaine McLeod - Chairman	Phone – (306) 756-2775
Dale Strudwick – Vice-Chair	Dairy producer
Alvin Schultz - member	Dairy producer
Dr. Bob Tyler	Professor – Dept. of Food & Bioproduct Sciences, University of Saskatchewan, Saskatoon

For further information, please contact the Saskatchewan Milk Control Board office.

1210-2500 Victoria Avenue Telephone (306) 787-5319
Regina, Saskatchewan S4P 3X2 Fax: (306) 787-1988

Website: www.smcb.ca email: info@smcb.ca



